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Rewald guilty of fraud, perjury and tax evasion

By Walter Wright
Advertiser Staff Writer

Ronald Ray Rewald, 43, was convicted yesterday of 94 counts of fraud, perjury and tax evasion for taking more than \$20 million from about 400 investors in Bishop Baldwin Rewald Dillingham & Wong.

A jury took 15 hours over three days to reject Rewald's claim he did it all for the CIA.

"All the overwhelming evidence made it clear that the CIA wasn't involved as much as Rewald claimed," said juror Cynthia Morgan.

"Apparently (Rewald) didn't have any facts to refute the prosecution's facts," said jury foreman Walter Johnson Jr., a retired Army colonel.

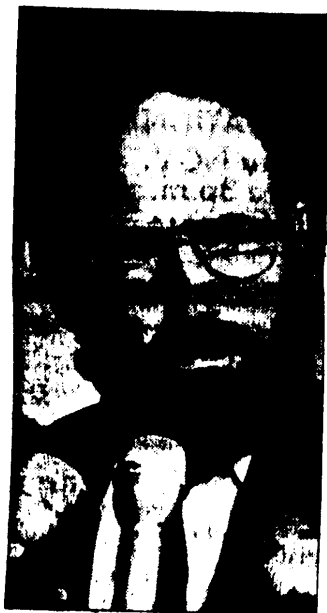
"Justice prevailed," said Assistant U.S. Attorney John Peyton, head of the four-lawyer prosecution team. "Mr. Rewald was not able to fool or confuse this jury as he did many of the investors."

U.S. District Judge Harold Fong ordered Rewald taken into custody immediately on grounds that Rewald, facing up to 481 years in prison when he is sentenced Dec. 9, might flee.

And, the judge said, Rewald "clearly represents a threat" to the community because the trial revealed that he used "a systematic plan, through his charm and his ability to communicate with the hand-icapped and aged," to defraud.



Ronald Rewald
"His empire . . . is gone"



Michael Levine
Rewald "prepared for worst"

More, prosecutors said they have evidence that Rewald had been soliciting funds again even while awaiting trial. "Ron was at it again," one official said.

The prosecution told the court it had evidence Rewald had "come into possession of substantial sums of money" while awaiting trial.

Rewald said nothing but leaned against the defense table to steady himself after the verdict was read, and one of his lawyers comforted him with pats on the back.

"I think he fully expected it," said federal Public Defender Michael Levine. "He was prepared for the worst."

Levine begged in vain that Rewald be left at liberty until sentenced.

"He is prepared to await whatever the court has in mind, he wants to go through the appeal process, he is not going to run away. He has no place to run. He's a father with five children. Whatever else may be said about him, he loves his five children and he loves his wife."

"No one is going to be investing with Mr. Rewald. He's notorious. His empire ... is gone."

One juror said several on the jury had strong personal reactions against Rewald as a result of the stories his victims told

on the inside:

Conviction of Ronald Rewald was expectable, yet also satisfying. Page A-10.

from the stand, coupled with the accounts of his lavish spending, including \$287,000 on women in exchange for social and sexual relations.

Judge Fong said it may have cost more than \$1 million "to assure Mr. Rewald of his day in court," a "day" which stretched to three months, thousands of documents, and more than 140 witnesses. But Rewald himself chose at the last minute not to take the stand in his own defense.

Rewald, a failed businessman and convicted thief from Wisconsin, became the darling of Hawaii's top military brass, politicians and an international crowd of royalty and gentry, and attracted investors with promises of guaranteed 20 per cent interest in "investment savings accounts."

But the company was just a giant Ponzi scheme in which old investors were paid interest with money taken from new investors. At the end, Rewald owed \$17 million and had nothing, officials said.

He had spent \$5.5 million of the money on himself, buying — among other things — a polo club, several homes and ranches, and a fleet of luxury cars.

Thomas Hayes, administrator of the bankrupt firm, said yesterday investors will be lucky if they get 10 percent of their money back.

The jury acquitted Rewald on four counts involving claims the company was covered by FDIC insurance because they couldn't remember exact testimony.

The jury rejected the CIA-link defense, finding Rewald guilty on four perjury counts for statements Rewald made about his CIA connection.

The key factor in the perjury conviction,

See Rewald on Page A-4



Advertiser photo by T. Uneda

Part of the prosecution team fielded questions after the verdict. They are, from left Jeff Setness, special Justice Department attorney, John Peyton, assistant U.S. attorney, and David Katz, special Justice Department attorney.

Rewald guilty on 94 counts

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jurors said, was clear evidence that Rewald was lying when he said the CIA provided him with fake degrees and diplomas from Marquette University.

Once they found they agreed on at least that ingredient of all four perjury counts, juror Walczak said, they didn't try to resolve some apparent disagreements on some other aspects of the perjury charges.

A majority of jurors were convinced at the outset of deliberations Thursday that Rewald was guilty, but some wanted to go over the CIA aspects in detail, he said.

They waded into "wall to wall boxes" of documents, Johnson recalled.

ting up Rewald's firm.

The trial revealed several CIA blunders in its dealings with Rewald, including a decision to waive a background investigation at his request, a decision to continue to use him even after discovering his Wisconsin theft conviction, and allowing Rewald to learn the names of several CIA operatives and to copy several CIA-related documents.

Rewald and partner Sunlin S. Wong were the only two real persons on the masthead of Bishop Baldwin. The other famous kamaaina names were fictitious. Wong is serving a two-year federal prison sentence for fraud after pleading guilty to two counts; he testified against Rewald during the trial.

Jurors dealt with the perjury counts last because they were the most difficult, Walczak indicated, and they realized that if they acquitted Rewald of perjury they would have to go back and re-evaluate their decisions on the fraud and tax evasion counts.

That was because, Walczak said, the major fraud charges required proof that Rewald himself — rather than the CIA — "made up the scheme" to defraud.

The CIA had used Rewald to provide "light commercial cover," mostly a backstop telephone and telex at a Honolulu address, for some CIA personnel who masqueraded as businessmen.

The CIA reimbursed Rewald less than \$3,000 for such expenses. But the CIA denied set

Prosecutors now are expected to crank up investigations of other persons associated with the company.

The charges against Rewald fell in nine major groups, and the government said all but one of them add up to lying: 37 counts of mail fraud, 38 counts of securities fraud, four counts of perjury, three counts of tax evasion and one of false statement on a tax extension application; six counts of false claims of FDIC insurance; three of interstate transportation of stolen funds; one of fraud by an investment advisor; one of failure to maintain books and records, and four of false statement to a federal officer.

Advertiser Writer Gwendolyn Iyechad also contributed to this report.